

**Oliver Township  
Elkton, MI**

**Huron County**

**FINANCIAL REPORT  
March 31, 2005**

# Auditing Procedures Report

Issued under P.A. 2 of 1960, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Oliver Township	County Huron
Audit Date 3/31/05	Opinion Date 9/27/05	Date Accountant Report Submitted to State: 9/27/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 23 of 1949, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).	✓		
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name): George A. Zahul CPA PC			
Street Address: 101 North Port Crescent	City: Bad Axe	State: MI	ZIP: 48413
Accountant Signature: 			Date: 9/27/05

**George Zahul, CPA, PC**

101 N Port Crescent St  
Bad Axe, MI 48413

September 27, 2005

To the Township Board  
Oliver Township  
Elkton, MI 48731

The following comments related to situations that came to my attention during the course of my recent examination of the Oliver Township's financial statements as of and for the year ended March 31, 2005, and are submitted for your evaluation and consideration. I would like to emphasize that, since my examination was conducted for the purpose of expressing an opinion on the previously referred to financial statements, these comments are not necessarily all inclusive.

1. The Township over-expended in the General Fund in comparison to the budget. This excess of expenditure over budget amount is in violation of P.A. 621. The Board should avoid such violations by periodically reviewing actual expenditures and revenues as compared to budget amounts.
2. Ideal internal control provides for separation of the accounting function from the actual handling of funds. There should be a separation of the recording function in the books and records and the actual handling of funds including deposits and disbursements. Due to the limited staff size, a lack of complete separation of accounting duties was noted. The cost exceeds the benefit of correcting this weakness, thus management has deemed that a corrective action is not practicable under the circumstances.

If you would need assistance in implementing the above, I would be happy to assist you.

I want to take this opportunity to thank the Board for selecting me to do your audit, and I want to thank the Township Officials for their help and assistance during the audit.

Very truly yours,



George A. Zahul, CPA, PC

# Oliver Township

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**George Zahul, CPA, PC**  
101 N Port Crescent St  
Bad Axe, MI 48413  
989-269-9966

**Independent Auditor's Report**

To the Township Board  
Oliver Township  
Elkton, MI 48731

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oliver Township's, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oliver Township's management. My responsibility is to express opinions on these financial statements based on my audit.

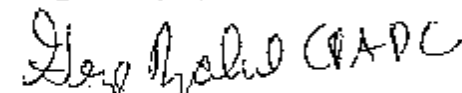
I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Oliver Township as of March 31, 2005, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 27, 2005, on my consideration of the Oliver Township's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Oliver Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.



George Zahul, CPA, PC  
September 27, 2005

**George Zahul, CPA, PC**

101 N Port Crescent St

Bad Axe, MI 48413

989-269-9966

**Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

To the Township Board  
Oliver Township  
Elkton, MI 48731

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oliver Township as of and for the year ended March 31, 2005, which collectively comprise Oliver Township's basic financial statements and have issued my report thereon dated September 27, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

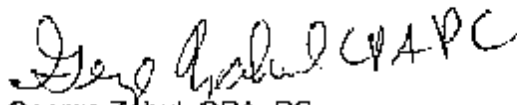
**Compliance**

As part of obtaining reasonable assurance about whether the Oliver Township's general purpose financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance that I have reported to management of Oliver Township, in a separate letter dated September 27, 2005.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Oliver Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Township Board, the State of Michigan, and the United States Department of Agriculture Rural Development and is not intended to be and should not be used by anyone other than those specified parties.

  
George Zahul, CPA, PC  
September 27, 2005

## **Oliver Township Management's Discussion and Analysis**

This section of the Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year that ended on March 31, 2005. Please read it in conjunction with the township's financial statements, which immediately follow this section.

### **Financial Highlights**

The 2004/05 fiscal years resulted in a Fund Balance in the General Funds and Special Revenue of \$168,065.82. This was an expected result for the Township. The Fund Balance was slightly higher than was originally budgeted.

In total, Township revenues exceeded \$391,000 for fiscal year ended March 31, 2005. Spending over the same time period was \$358,000. In both cases that was a decrease of approximately \$67,000 over fiscal 2003 for revenues and a decrease of \$100,000.00 for spending.

### **Overview of the Financial Statements**

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

The first two statements are district-wide financial statements that provide both short-term and long-term information about the Township's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the district-wide statements.

### **Government-Wide Statements**

The Government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statements of net assets include all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets – the difference between the Township assets and liabilities – are one way to measure the Township's financial health or position.

## **Oliver Township Management's Discussion and Analysis**

The government-wide financial statements of the Township are divided into categories:

**Governmental Activities** – Most of the Township's basic services are included here, such as public safety, public works, and general administration. Property taxes, state-shared revenue, and charges for services provided most of the funding.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the Township's funds, focusing on its most significant or "major" funds – not the Township as a whole. Funds are accounting devices the Township uses to keep track of specific sources of funding and spending for particular purposes:

Some funds are required by State law and by bond covenants.

The Township establishes other funds to control and manage money for particular purposes.

The Township has one type of fund:

**Governmental Funds** – Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.



# Oliver Township Management's Discussion and Analysis

## Financial Analysis of the Township as a Whole

### **Net Assets**

Township net assets decreased during the fiscal 2005. A depreciation of Township assets was \$50,756.00, with no new purchased.

### **Oliver Township**

	<u>2005</u>
Current and other Assets	\$ 168,066
Capital Assets, Less Accumulated Depreciation	<u>180,620</u>
Total Assets	\$ 348,686
Notes Payable	<u>37,424</u>
Total Liabilities	\$ 37,424
<b>Net Assets:</b>	
Invested in Capital Assets net of Related Debt	\$ 143,196
Unrestricted	<u>168,088</u>
Total net Assets (deficit)	\$ 311,262

### **Changes in Oliver Township Net Assets**

	<u>2005</u>
<u>Revenues</u>	
Operating Grants	\$ 0
<u>General Revenues</u>	
Property Taxes	323,075
State Revenue Sharing	61,409
Other	<u>6,842</u>
Total Revenues	\$ 391,426
<u>Expenses</u>	
General Government	\$ 43,813
Public Safety	66,964
Public Works	5,356
Roads	219,480
Other	21,506
<u>Business Type Activities</u>	
Unallocated Depreciation	<u>50,757</u>
Total Expenses	<u>\$ 397,876</u>
Increase in Net Assets	<u>\$ (6,450)</u>

## **Oliver Township Management's Discussion and Analysis**

### **Governmental Activities**

Revenues for governmental activities totaled \$391,426 in 2005. A total of \$283,631 was in the form of property tax collections, and decrease of \$4,000 over 2003. This decrease is due to the continuing decline in the tax base. State-shared revenues continue to be of concern. While it provided \$61,409, we are uncertain what will happen in 2006 given the State's financial difficulties.

### **Financial Analysis of the Township's Funds & Budgets**

The General Fund ended 2005 with a fund balance of \$80,774. Several factors affected operating results. Property tax collections were \$51,526 for 2005. Total revenues in the General Fund of \$136,755 exceeded expenditures of \$68,891 by \$67,864 and the General Fund transferred \$76,889 to the Road Fund leaving a decrease in fund balance of \$9,025.

The General Fund budget is amended throughout the year as deemed necessary. This is primarily done to prevent expenditures from exceeding the budget. With that in mind, the General Fund expenditures were 50 percent of budget. With the exception of the previously mentioned items, no major General Fund areas were significantly under or over budget.

### **Capital Assets and Debt**

The Township did not make any capital purchases during the year.

### **Factors Bearing on the Township's Future**

The revenue of Oliver Township for the past fiscal year has decreased due to the bankruptcy of Tower Automotive. A portion of their property taxes for winter 2004-2005 remains unpaid. At settlement, the County of Huron did not reimburse the township for this portion of the taxes as they are in bankruptcy. This resulted in a \$30,000.00 loss of revenue at this time. Although this has affected the operating budget, the township has adjusted their budget based on revenue. No major purchases were made this past year. Millage rates were not increased. No lawsuits are pending.

### **Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional information, contact in writing the Business Office, Oliver Township, 5006 Hoffman St., Elkton, MI 48731.

**Oliver Township**  
**Statement of Net Assets**  
**March 31, 2005**

**Assets**

**Current Assets**

Cash and Investments	5	79,067.84
Taxes and Accounts Receivable		<u>88,937.96</u>
<b>Total Current Assets</b>		<u><u>168,005.82</u></u>

**Property and Equipment**

Land		20,030.00
Building		120,030.00
Furniture and Equipment		391,317.07
Less Accumulated Depreciation		<u>(350,637.00)</u>
<b>Net Property and Equipment</b>		<u><u>180,620.07</u></u>

<b>Total Assets</b>	<b>\$</b>	<u><u>348,685.89</u></u>
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**Liabilities and Net Assets**

**Current Liabilities**

Current Portion of Notes Payable		<u>12,031.44</u>
<b>Total Current Liabilities</b>		<u><u>12,031.44</u></u>

**Long - Term Liabilities**

Notes Payable		<u>25,392.67</u>
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<b>Total Liabilities</b>		<u>37,424.11</u>
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**Net Assets**

Invested in capital assets not of related debt		143,195.96
Unrestricted		<u>168,065.32</u>

<b>Total Net Assets</b>	<b>\$</b>	<u><u>311,261.78</u></u>
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The accompanying notes are an integral part of the financial statements.

**Oliver Township**  
**Statement Of Activities**  
For the Year Ended March 31, 2005

**Governmental Activities**

<u>Funtions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
	<u>Program Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Revenue and Changes in Net Assets</u>
<b>Governmental Activities</b>				
General Government	\$ 43,813.40	\$ 0.00	\$ 0.00	\$ (43,813.40)
Public Safety	58,064.17	76,062.12	0.00	19,087.95
Public Works	5,356.30	0.00	0.00	(5,356.30)
Roads	219,480.17	179,618.41	0.00	(40,861.76)
Other	19,721.30	0.00	0.00	(19,721.30)
Interest on Notes	1,784.80	0.00	0.00	(1,784.80)
Unallocated Depreciation	<u>50,756.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(50,756.00)</u>
<b>Total Governmental Activities</b>	<u>\$ 397,976.14</u>	<u>\$ 254,670.53</u>	<u>\$ 0.00</u>	<u>(143,205.61)</u>
<b>General Revenues</b>				
Property Taxes General				68,704.09
State Revenue Sharing				61,409.00
Investment Earnings				849.07
Other				<u>6,093.12</u>
<b>Total General Revenues</b>				<u>136,755.28</u>
<b>Change in Net Assets (Deficit)</b>				<u>(6,450.33)</u>
<b>Net Assets Beginning of Year</b>				<u>317,712.11</u>
<b>Net Assets End of Year</b>				<u>\$ 311,261.78</u>

The accompanying notes are an integral part of the financial statements.

**Oliver Township**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**March 31, 2005**

	<u>Governmental Fund</u> <u>Types</u>		<u>Fiduciary</u> <u>Fund Type</u>	<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Agency</u> <u>Fund</u>	
<b>Assets</b>				
Cash and Investments	\$ 63,071.31	\$ 15,732.52	\$ 264.01	\$ 79,067.84
Taxes Receivable	17,438.18	54,579.80	0.00	72,017.98
Due from Other Funds	264.01	0.00	0.00	264.01
<b>Total Assets</b>	<u>\$ 80,773.50</u>	<u>\$ 70,312.32</u>	<u>\$ 264.01</u>	<u>\$ 151,349.83</u>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities</b>				
Due to Other Funds	0.00	0.00	264.01	264.01
<b>Total Liabilities</b>	<u>0.00</u>	<u>0.00</u>	<u>264.01</u>	<u>264.01</u>
<b>Fund Equity</b>				
Unreserved	80,773.50	87,292.32	0.00	168,065.82
<b>Total Fund Equity</b>	<u>80,773.50</u>	<u>87,292.32</u>	<u>0.00</u>	<u>168,065.82</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 80,773.50</u>	<u>\$ 87,292.32</u>	<u>\$ 264.01</u>	<u>\$ 168,329.83</u>

The accompanying notes are an integral part of the financial statements.

**Oliver Township**  
**Combined Statement of Revenue, Expenditures and**  
**Change in Fund Balance - All Governmental Fund Types**  
**For the Year Ended March 31, 2005**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Total Memorandum Only</u>
<b>Revenues</b>			
Property Taxes	\$ 68,404.09	\$ 53,538.09	\$ 121,992.18
Licenses and Permits	180.00	0.00	180.00
State Revenue Sharing	61,409.00	0.00	61,409.00
Property Taxes Roads	0.00	161,638.41	161,638.41
Road Commission Contributions	0.00	16,980.00	16,980.00
Fire Department Services	0.00	22,434.03	22,434.03
Interest	849.07	0.00	849.07
Miscellaneous	5,913.12	0.00	5,913.12
<b>Total Revenues</b>	<u>136,755.28</u>	<u>254,670.53</u>	<u>391,425.81</u>
<b>Expenditures</b>			
General Government	43,613.40	0.00	43,613.40
Public Safety	0.00	70,357.85	70,357.85
Public Works	5,353.30	219,480.17	224,836.47
Other	19,721.30	0.00	19,721.30
<b>Total Expenditures</b>	<u>68,691.00</u>	<u>289,838.02</u>	<u>358,529.02</u>
<b>Excess of Revenues over Expenditures</b>	<u>67,864.28</u>	<u>(35,167.49)</u>	<u>32,696.79</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers in	0.00	76,889.26	76,889.26
Operating Transfers out	(76,889.26)	0.00	(76,889.26)
<b>Total Other Financing Sources (Uses)</b>	<u>(76,889.26)</u>	<u>76,889.26</u>	<u>0.00</u>
<b>Excess of Revenues and Other Sources Over(Under)Expenditures and Other Uses</b>	<u>(9,024.98)</u>	<u>41,721.77</u>	<u>32,696.79</u>
<b>Fund Balance at Beginning of Year</b>	<u>89,798.40</u>	<u>45,570.55</u>	<u>135,368.95</u>
<b>Fund Balance at End of Year</b>	<u>\$ 80,773.50</u>	<u>\$ 87,292.32</u>	<u>\$ 168,065.82</u>

The accompanying notes are an integral part of the financial statements.

**Oliver Township**  
**Reconciliation of Fund Balances of Government Funds**  
**to Net Assets of Government Activities**  
**For the Year Ended March 31, 2005**

<b>Fund Balances Total Governmental Funds</b>	\$ 168,065.82
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Amounts reported for governmental activities in the statement of activities  
are different because

Capital assets used in governmental activities are not financial resources  
and are not reported in the funds

Land	531,317.07
Less Accumulated Depreciation	(350,697.03)

Debt is not recorded in governmental funds until it is paid

Notes Payable End of Year	<u>(37,424.11)</u>
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<b>Net Assets of Governmental Activities</b>	<u><u>\$ 311,261.76</u></u>
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The accompanying notes are an integral part of the financial statements.

**Oliver Township**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended March 31, 2005**

**Net Change in Fund Balances Total Governmental Funds** \$ 32,666.79

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures in the year incurred and depreciation is recorded for assets in the statement of activities

Depreciation Expense	(50,756.00)
Capital Outlay	0.00

Accrued interest on long-term debt is recorded in the statement of activities when it is not recorded in governmental funds until it is paid

Accrued Interest Payable Beginning of Year	0.00
Accrued Interest Payable End of Year	0.00
Other	0.00

Proceeds and repayments of principal on long-term debt are revenues and expenditures in the governmental funds, but not in the statement of activities

Principal Repayments	1,606.88
Proceeds from new Debt	<u>0.00</u>

**Change in Net Assets of Governmental Activities** **\$ (6,450.39)**



**Oliver Township**  
**Notes to Financial Statements**  
**March 31, 2005**

**Note 1 - Summary of Significant Accounting Policies:**

The accounting policies of the Local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

**A. Reporting Entity**

The Local Governmental Unit is governed by an elected council (Board). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non fiduciary activities of the primary government and its component units. For the most part, the effect of inter fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Governmental Funds**

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the government's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The Government reports the following major governmental fund:

The general fund is the Government's primary operating fund. It accounts for all financial resources of the Government, except those required to be accounted for in another fund.

**Oliver Township**  
**Notes to Financial Statements**  
**March 31, 2005**

**Other Non-Major Funds**

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Government accounts for its major and local street activities in the special revenue funds.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes recognized as revenue in the year for which they are levied. Grants and similar items are recognizes as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter fund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities

**Oliver Township**  
**Notes to Financial Statements**  
**March 31, 2005**

Proprietary funds distinguish operating revenue and expenses from non operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with and proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current cost (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non operating revenue and expenses.

**D. Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payable's**

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

**Inventories and Prepaid Items**

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect cost applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets**

The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of the Local Unit of Government's water and sewer lines.

**Oliver Township**  
**Notes to Financial Statements**  
**March 31, 2005**

**Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, \$xxx of interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment is depreciated using the straight-line method over its' estimated useful life.

**Compensated Absences (Vacation and Sick Leave)**

It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

**Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Oliver Township**  
**Notes to Financial Statements**  
**March 31, 2005**

**Comparative Data/Reclassifications**

Comparative total data for the prior year has not been presented in the fund financial statements.

**Note 2 - Stewardship, Compliance, and Accountability:**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for all Government Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Government to have its budget in place by the beginning of its fiscal year. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits governments to amend their budgets during the year. During the year, the budget was amended in a permissible manner. There were no significant amendments during the year.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Excess of Expenditures Over Appropriations in Budgeted Funds**

During the year, the Government incurred expenditures in certain budgeted funds which were in excess of the amounts budgeted, as shown in the statements of Actual vs Budget.

**Note 3 - Deposits and Investments:**

**Deposits**

The Government's cash accounts consist of various interest bearing checking and savings accounts. At year-end, the carrying amount of the Government's deposits was \$405.27 and the bank balance was \$405.27.

**Investments**

State statutes authorize the Government to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchased obligations of the U.S. government and U.S. agencies, banker's acceptances of U.S. banks and mutual funds comprises of the above authorized investments. As of March 31, 2005, the Government investments consisted of certificates of deposit and Money Market Funds which the carrying amount and the bank balance was \$78,662.57.

The total Government cash and investments amounted to \$79,067.84 as of March 31, 2005 and \$79,067.84 was covered by Federal Depository Insurance.

**Oliver Township**  
**Notes to Financial Statements**  
**March 31, 2005**

**Note 4 - Receivables:**

Receivables as of year end for the governments individual major funds and the other non major funds in the aggregate are shown in the respective statements.

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

**Note 5 - Employee Retirement and Benefits Systems:**

The Township has a defined contribution pension plan. The township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2005 was \$5,310.22.

**Note 6 - Transfers:**

The General Fund transferred \$76,889.26 to the Road Fund.

**Note 7 - Contingent Liabilities:**

**Contingent Liability - Unemployment Compensation Costs**

The Government has elected to be treated as a reimbursing employer for unemployment compensation purposes. Any unemployment benefits paid to Government employees by the Michigan unemployment fund must be reimbursed by the Government on a dollar for dollar basis. The contingent liability for unemployment benefits is not recognized in the accompanying financial statements. The expense is recognized at the time the Government becomes liable to the State of Michigan for unemployment benefits paid.

**Note 8 - Changes in General Long-Term Debt:**

A Summary of changes in general long-term debt follows:

	Balance 4/1/04	Additions	Deductions	Balance 3/31/05
Note Payable - Fire Truck	60,000.00	0	22,575.89	37,424.11

On January 6, 2003, the township obtained a loan from Independent Bank East Michigan in the amount of \$60,000.00 to finance the purchase of a fire truck. The loan is repayable in five annual payments of \$13,393.68 including interest at the rate of 3.64% per annum. As of March 31, 2005, \$37,424.11 of the loan principal remained outstanding and it is recorded in the General Long-Term Debt Group of Accounts.

## **Required Supplemental Information**

**Oliver Township**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended March 31, 2005**

	<u>General Fund</u>				<u>Variance</u>
					<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Increase</u>	<u>Actual</u>	<u>Favorable</u>
	<u>Budget</u>	<u>Budget</u>	<u>(Decrease)</u>		<u>(Unfavorable)</u>
<b>Revenues</b>					
Taxes-Current	\$ 66,764.00	\$ 66,764.00	\$ 0.00	\$ 68,404.09	\$ (369.91)
State Sources	60,000.00	60,000.00	0.00	61,400.00	1,400.00
Other	2,615.00	2,615.00	0.00	6,093.12	3,478.12
Interest	800.00	800.00	0.00	849.07	49.07
<b>Total Revenues</b>	<u>132,179.00</u>	<u>132,179.00</u>	<u>0.00</u>	<u>136,755.28</u>	<u>4,576.28</u>
<b>Expenditures</b>					
General Government	47,000.00	47,000.00	0.00	43,813.40	3,186.60
Public Works	9,350.00	9,350.00	0.00	5,356.30	3,993.70
Other	24,075.00	24,075.00	0.00	19,721.30	4,353.70
<b>Total Expenditures</b>	<u>80,425.00</u>	<u>80,425.00</u>	<u>0.00</u>	<u>68,891.00</u>	<u>11,534.00</u>
<b>Excess of Revenues over Expenditures</b>	<u>51,754.00</u>	<u>51,754.00</u>	<u>0.00</u>	<u>67,864.28</u>	<u>16,110.28</u>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers in	0.00	0.00	\$ 0.00	0.00	0.00
Operating Transfers out	(57,610.00)	(57,610.00)	\$ 0.00	(76,889.26)	(19,279.26)
<b>Total Other Financing Sources (Uses)</b>	<u>(57,610.00)</u>	<u>(57,610.00)</u>	<u>0.00</u>	<u>(76,889.26)</u>	<u>(19,279.26)</u>
<b>Excess of Revenues and Other Sources</b>					
<b>Over(Under)Expenditures and Other Uses</b>	<u>\$ (5,856.00)</u>	<u>\$ (5,856.00)</u>	<u>0.00</u>	<u>(9,024.98)</u>	<u>\$ (3,168.98)</u>
<b>Fund Balance at Beginning of Year</b>				<u>59,798.48</u>	
<b>Fund Balance at End of Year</b>				<u>\$ 50,773.50</u>	

The accompanying notes are an integral part of the financial statements.



## **Additional Supplemental Information**

**Oliver Township**  
**General Fund**  
**Schedule of Revenues**  
**For the Year Ended March 31, 2005**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Current Tax Levy	\$ 68,404.09	\$ 68,784.00	\$ (359.91)
Road Donations	750.00	750.00	0.00
Licenses and Permits	180.00	165.00	15.00
Trailer Court Taxes	167.00	200.00	(33.00)
Sales Tax	61,409.00	60,000.00	1,409.00
Pension Reimbursement	2,620.58	0.00	2,620.58
Miscellaneous	321.50	500.00	(178.50)
Interest Income	349.07	800.00	49.07
Refunds	<u>2,054.04</u>	<u>1,000.00</u>	<u>1,054.04</u>
<b>Total Revenues</b>	<u>\$ 136,755.28</u>	<u>\$ 132,179.00</u>	<u>4,576.28</u>

The accompanying notes are an integral part of the financial statements.

**Oliver Township General Fund**  
**General Fund**  
**Schedule of Expenditures**  
**For the Year Ended March 31, 2005**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>General Government</b>			
Trustees Salary	\$ 2,570.00	\$ 3,000.00	\$ 430.00
Planning Commission	1,818.74	3,000.00	1,381.26
Board of Review	666.00	1,000.00	334.00
Supervisors Salary	6,000.00	6,000.00	0.00
Election Salary	1,996.66	2,000.00	1.34
Clerk Salary	9,600.00	9,600.00	0.00
Treasurer Salary	12,000.00	12,000.00	0.00
Deputy Treasurer Salary	900.00	900.00	0.00
Deputy Clerk Salary	900.00	900.00	0.00
Assessor Salary	7,200.00	7,700.00	500.00
Building and Grounds	360.00	400.00	40.00
Zoning Salary	0.00	500.00	500.00
<b>Total General Government</b>	<u>\$ 43,813.40</u>	<u>\$ 47,000.00</u>	<u>\$ 3,186.60</u>
<b>Public Safety</b>			
<b>Public Works</b>			
Street Light Expense	\$ 300.33	\$ 350.00	\$ 49.67
Drains at Large	4,828.33	7,000.00	2,171.67
Repairs and Maintenance	227.64	2,000.00	1,772.36
<b>Total Public Works</b>	<u>\$ 5,356.30</u>	<u>\$ 9,350.00</u>	<u>\$ 3,993.70</u>
<b>Other</b>			
Office Supplies	\$ 1,655.63	\$ 3,250.00	\$ 1,594.37
Printing and Publishing	811.42	1,650.00	1,238.58
Professional Fees	400.00	1,000.00	600.00
Dues and Publications	822.42	850.00	27.58
Miscellaneous	241.47	250.00	8.53
Telephone	653.16	675.00	21.84
Tax Roll Preparation	3,888.89	4,500.00	661.11
Travel and Conferences	3,888.09	3,900.00	11.91
Civic and Youth Center	800.00	800.00	0.00
Library	1,500.00	1,500.00	0.00
Pension	5,310.22	5,500.00	189.78
<b>Total Other</b>	<u>\$ 19,721.30</u>	<u>\$ 24,475.00</u>	<u>\$ 4,353.70</u>
<b>Capital Outlay</b>			
Capital Outlay	\$ 0.00	\$ 2,000.00	\$ 2,000.00
<b>Total Capital Outlay</b>	<u>\$ 0.00</u>	<u>\$ 2,000.00</u>	<u>\$ 2,000.00</u>
<b>Total Expenditures</b>	<u>\$ 68,891.00</u>	<u>\$ 82,725.00</u>	<u>\$ 13,534.00</u>

The accompanying notes are an integral part of the financial statements.

**Oliver Township**  
**Special Revenue Schedule of Revenues**  
**Schedule of Revenues**  
**For the Year Ended March 31, 2005**

	<u>Fire Fund</u>		<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Actual</u>	<u>Budget</u>	
<b>Revenues</b>			
Current Tax Levy	\$ 53,588.09	\$ 53,589.00	\$ (0.91)
Miscellaneous	0.00	300.00	(300.00)
Fire Services	<u>22,464.03</u>	<u>24,128.00</u>	<u>(1,663.97)</u>
<b>Total Revenues</b>	<u>\$ 76,052.12</u>	<u>\$ 78,017.00</u>	<u>(1,964.88)</u>

	<u>Road Fund</u>		<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Actual</u>	<u>Budget</u>	
<b>Revenues</b>			
Current Tax Levy	\$ 161,638.41	\$ 161,639.00	\$ (0.59)
Road Commission Contributions	<u>16,980.00</u>	<u>23,746.00</u>	<u>(6,766.00)</u>
<b>Total Revenues</b>	<u>\$ 178,618.41</u>	<u>\$ 185,385.00</u>	<u>(6,766.59)</u>

The accompanying notes are an integral part of the financial statements.

**Oliver Township**  
**Special Revenue Fund**  
**Schedule of Expenditures**  
**For the Year Ended March 31, 2005**

	<u><b>Fire Fund</b></u>		
	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance</b></u> <u><b>Favorable</b></u> <u><b>(Unfavorable)</b></u>
<b>Expenditures</b>			
Wages	21,000.00	20,779.68	220.32
Supplies	5,000.00	4,486.13	503.87
Fire Protection Expenses	50.00	40.00	10.00
Gas and Oil	1,200.00	889.11	310.89
Ambulance Service	4,878.00	4,878.00	0.00
Insurance	16,800.00	16,716.22	83.78
Utilities	4,600.00	3,661.77	938.23
Repairs and Maintenance	3,000.00	2,276.10	723.90
Pension	3,600.00	2,447.16	1,152.84
Miscellaneous	1,200.00	800.00	400.00
Capital Outlay	3,400.00	0.00	3,400.00
Equipment Debt Service	<u>13,364.00</u>	<u>13,393.68</u>	<u>0.32</u>
<b>Total Expenditures</b>	<u>78,122.00</u>	<u>70,357.85</u>	<u>7,764.15</u>

	<u><b>Road Fund</b></u>		
	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance</b></u> <u><b>Favorable</b></u> <u><b>(Unfavorable)</b></u>
<b>Expenditures</b>			
Highways and Streets Expenses	235,000.00	217,778.48	17,221.52
Dust Control	<u>7,000.00</u>	<u>1,701.69</u>	<u>5,298.31</u>
<b>Total Expenditures</b>	<u>242,000.00</u>	<u>219,480.17</u>	<u>22,519.83</u>

The accompanying notes are an integral part of the financial statements.

**Oliver Township**  
**Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**March 31, 2005**

**Tax Collection Fund**

	<u><b>Balance Beginning of Year</b></u>	<u><b>Additions</b></u>	<u><b>Deductions</b></u>	<u><b>Balance End of Year</b></u>
<b>Assets</b>				
Cash	\$ <u>264.01</u>	<u>1,321,763.56</u>	<u>1,321,763.56</u>	\$ <u>264.01</u>
<b>Liabilities</b>				
Due to General Fund	\$ 264.01	\$ 51,325.59	\$ 51,325.59	\$ 264.01
Due to Fire Fund	0.00	39,998.26	39,998.26	0.00
Due to Highway Fund	0.00	120,648.44	120,648.44	0.00
Due to County	0.00	252,602.79	252,602.78	0.00
Due to Schools	<u>0.00</u>	<u>857,188.43</u>	<u>857,188.49</u>	<u>0.00</u>
	\$ <u>264.01</u>	\$ <u>1,321,763.56</u>	\$ <u>1,321,763.56</u>	\$ <u>264.01</u>

The accompanying notes are an integral part of the financial statements.